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May 27, 2003

VIA FACSIMILE AND OVERNIGHT DELIVERY

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Office of the Attorney General
2005 Ironwood Parkway, Suite 120
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Re: Statement of Position –
2003 "Box" Work

Dear Ted and Curt:

Enclosed please find Hecla's Statement of Position on the two current disputes relating to 2003 work in the "Box."

Sincerely yours,

Elizabeth H. Temkin

EHT/vlh
Enclosure
cc: Angela Chung (w/enclosure, via fax and overnight delivery)
Rob Hansen (w/enclosure, via fax and overnight delivery)
Michael B. White (w/enclosure, via regular mail)
Dan Meyer (w/enclosure, via regular mail)

STATEMENT OF POSITION
OF HECLA MINING COMPANY

This statement of position is submitted to document the basis for the objections of Hecla Mining Company ("Hecla") to two recent joint decisions of the U.S. Environmental Protection Agency and the Idaho Department of Environmental Quality with respect to Hecla's 2003 Work Plan for work to be performed pursuant to the 1994 Bunker Hill Consent Decree (the "1994 Decree").[1]

The first decision, dated April 18, 2003 (Attachment A), rejected Hecla's April 15, 2003 Work Plan for "Box" work (Attachment B) as inadequate, because it failed to provide for remediation in 2003 of 100 yards -- in essence a $3 million program, which the governments want Hecla alone to fund. In the second decision, dated April 30, 2003 (Attachment C), the governments announced their intention to, in effect, unilaterally modify the 1994 Decree to divert Asarco funds from Hecla and Asarco's on-going efforts to implement the 1994 Decree, and instead appropriate those funds, along with other government funding, to government-sponsored yard cleanups in the Box.

As confirmed by letter dated May 20, 2003, Hecla and the government agreed to a May 30, 2003 submittal date for Hecla's statement of position on these two disputes.

Hecla's position on these disputes is premised on Judge Lodge's September 30, 2001 order granting Hecla and Asarco's motions to modify the 1994 Decree, plus the facts, law and analysis presented in Hecla and Asarco's March 31, 2003 Request for Final Relief on Motion to Modify Consent Decree, and the two companies' May 9, 2003 Reply to Plaintiffs' Response to Defendants' Request for Final Relief on Motion to Modify Consent Decree.[2] With the issue of the 1994 Decree obligations squarely before the Court, the governments' decisions on 2003 work are clearly punitive in nature and not otherwise justified by prior practice or on any other basis.

In addition, Hecla believes that the following points are relevant to resolution of these disputes:

- The governments' decision to appropriate funds from the so-called "Asarco Environmental Trust" away from Hecla and Asarco and to themselves, so the governments can implement Box Consent Decree work, violates the 1994 Decree and is arbitrary and capricious. The 1994 Decree does not in any way provide for the governments' outright appropriation of mining company funds for government sponsored work. While the so-called "Arizona Consent Decree" between the United

[1] In submitting this Statement of Position, Hecla is not conceding that the 1994 Decree dispute resolution provisions govern resolution of this dispute given that the Request for Final Relief is currently pending before the Court. In addition, formal dispute resolution under the 1994 Decree is a futile endeavor as EPA, the decision-maker in the 1994 Decree dispute resolution process, has already taken clear categorical positions on these issues. Hecla is agreeing to follow these procedures solely in the hope that further information exchange and reflection on the parties' differences will allow the parties to identify a way to resolve these differences, at least as to 2003 work, short of a court ruling on the Request for Final Relief.

[2] We assume EPA has access to the referenced materials. If you require copies, please contact the undersigned.

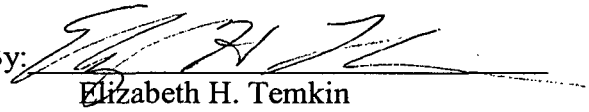
States and Asarco may allow for this arrangement, the Arizona Consent Decree does not and can not modify the 1994 Decree. See also Arizona Consent Decree at ¶24 (excerpt at Attachment D) ("Annual budgets shall not be in conflict with ASARCO's existing work obligations specifically set forth in any consent decree or order except where a modification of such other consent decree or order may be sought pursuant to Section XIII.") Furthermore, assuming any additional yard cleanup is necessary, Hecla's understanding is that the mining companies can perform yard cleanups more cost-effectively than the governments because of the costs of government contracting procedures and restrictions. Therefore, there simply is no practical reason for the governments themselves to use Asarco's funds to fund any part of an independent yard cleanup initiative.

- The governments are asking Hecla to fund approximately $3 million worth of work under the Box Consent Decree during the 2003 season. We understand that the governments likely will only require Asarco to fund in the range of $1.5 million worth of work in 2003, or one-half as much as Hecla is being told to spend. While the 1994 Decree does reference joint and several liability, Asarco is not insolvent or bankrupt. Therefore, there is no justification for funding mining company work on any basis other than what essentially has been a 50%/50% funding arrangement since Sunshine Mining Company declared bankruptcy and dropped out of the Upstream Mining Group. Given the Court's decision to modify the 1994 Decree, it is patently unfair to impose on Hecla a disproportionate share of the outstanding 1994 Decree obligations, particularly while the Request for Final Relief is pending.

Date: May 27, 2003

Respectfully submitted,

TEMKIN WIELGA & HARDT LLP

By: 
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